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JOINT INSPECTION UNIT

Note by the Secretary-General

The Secretary-General has the honour to transmit to the General Assembly his comments on the report of the Joint Inspection Unit entitled "Management of buildings in the United Nations system" (JIU/REP/92/9; and A/49/560, annex).

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ANNEX

Comments of the Secretary-General

I. GENERAL

1. The Inspectors' findings and observations contained in document A/49/560, annex, mostly coincide with the Secretary-General's views on the subject expressed at length in his earlier report on facilities management (A/45/796). The fact that the analysis contained in the latter is not referred to and invoked in the report of the Joint Inspection Unit (JIU) is a regretful oversight.

2. As explained in paragraph 15 of document A/45/796, historically, several interrelated factors have combined to produce a relatively low level of funding for programmes of preventive maintenance and repair. During periods of severe financial constraint, maintenance is frequently one of the first areas targeted for reduced or deferred expenditure. Consequently, serious problems arise when periods of reduced expenditures are not followed by periods of higher than normal expenditures. The tendency is that expenditures return only to normal levels at best, thus permanently deferring important aspects of the maintenance programme. Accumulation of deferred maintenance leads to breakdowns and eventually increases overall need for resources in order to take care of emergency repairs.

3. As further conveyed in paragraph 17 of document A/45/796, in contrast to the guideline target rates for annual expenditures on the maintenance of buildings at 1.8 to 2.0 per cent of the gross replacement cost of the structures, the effective annual rate for major maintenance expenditures on United Nations buildings in the biennium 1990-1991 was only 0.25 per cent, or about one eighth of the required amount. It was the Secretary-General's intention at the time to incorporate the programme of facilities management in the programme budget for the biennium 1992-1993. This, however, proved unattainable given the situation of financial austerity.

II. SPECIFIC COMMENTS

Recommendation one: maintenance of buildings

4. This recommendation addresses the essence of the problems faced by the buildings managers at Headquarters and other locations. As pointed out above, although budget programmes do foresee the funds for alteration and improvement programmes and for the major maintenance of buildings, allotments are authorized in truncated ways and are insufficient to meet vital needs. Managers are therefore forced to establish priorities and to cope first with operational activities. They are compelled to assign a lower priority to the maintenance of buildings, thus worsening the state of buildings and equipment.

5. Insufficient funding over the past four bienniums has resulted in the need to defer the frequency and scope of regular and preventive maintenance and the

postponement of much-needed upgrading and retrofitting of obsolete systems and equipment. With the dramatic increase over the years in the workload of the Secretariat and the accelerated introduction of advanced computer and communications equipment, the existing electrical and air-conditioning systems at Headquarters (which are over 40 years old) and other duty stations (for example, the air-conditioning in the Assembly Hall at Geneva was installed in 1935) are inefficient and can no longer support the current and future requirements of the Organization. Maintaining and repairing old equipment that has reached its maximum capacity is no longer practical, nor is it cost-effective. The Headquarters buildings and systems need to be totally refurbished in order to ensure their functionality for the next 25 years. The same situation prevails at other locations to varying degrees, Geneva being perhaps the most serious.

6. The recommendation of the Inspectors to consider the possibility of creating a building fund with necessary adjustments for local conditions could be useful at Headquarters and other locations as an interim solution to the problem of lack of adequate funding to cover costs related to emergency and unforseen repair and replacement projects caused by the ever-increasing failures and breakdown of the old systems. While there is a need to establish long-range planning to ensure the effective and efficient maintenance and operation of the facilities by implementing a comprehensive master plan to upgrade and retrofit the buildings in New York and other locations over at least a 12-year period of two consecutive medium-term plans, the building fund would ensure a bridge for adequate funding of maintenance and major repairs of the buildings until the completion, funding and implementation of the master plan. It is estimated that, at Headquarters, a replenishable fund of $1,000,000 annually would be required to fund these emergency projects. The Buildings Management Service of the Secretariat had already recommended this course of action during the preparation of the budget for the biennium 1992-1993; unfortunately it was not feasible to implement the projects owing to budgetary constraints.

Recommendation two: building construction and design

7. The Secretary-General agrees that it is essential for building managers to participate in the designing or remodelling of buildings so that their concerns are taken fully into account throughout the planning and construction process and, by and large, the planning, design and construction of facilities are indeed controlled by the Organization itself with the necessary input from its building managers. A case in point is the conference facilities of the Economic and Social Commission for Asia and the Pacific (ESCAP) at Bangkok, where the Organization's conference services staff and building managers were involved with the designers and the construction firms each step of the way. Similarly, the United Nations building managers are overseeing every aspect of the design and construction of the conference facilities being built in Addis Ababa.

Recommendation three: contractors vs. in-house staff

8. The Secretary-General fully concurs with this recommendation. A proper balance between the use of in-house staff and outside contractors for performing building services is essential for maintaining high standards of performance, reliability and cost-effectiveness. At Headquarters, this has been closely

observed over the last few years, with excellent results. Various maintenance functions have been regrouped and consolidated into a new category of trades and crafts personnel ("construction and repair workers"), which has provided for greater flexibility and increased performance of in-house staff. At the same time, selective maintenance tasks that were not being economically provided by in-house staff were contracted out, i.e., gardening, painting and moving. These contracts are monitored and supervised on a continuous basis by experienced United Nations personnel. It should be noted that, in addition to the services recently contracted out, cleaning, janitorial and electrical maintenance services continue to be provided by outside contractors as it has been proved over the years to be efficient and overall cost-effective. Furthermore, "hot lines" to register staff complaints have been a standard arrangement at Headquarters for many years. Three years ago, the Buildings Management Service enhanced this function by creating a subsidiary maintenance office in the United Nations Development Corporation's buildings (DC 1 and 2), where approximately half of the United Nations staff members in New York are located, to liaise with the landlord's maintenance personnel. As a result of instituting this liaison office, a dramatic improvement in the quality and frequency of the maintenance services provided by the landlord and its facilities managers was achieved.

Recommendation four: meetings of building managers

9. The Secretary-General concurs with the view of the Inspectors that scheduled meetings between building managers of the United Nations facilities world wide would definitely be advantageous. The sharing of information, problems and experiences in the various areas of buildings management is essential in the development of a comprehensive and integrated global approach to facilities management, which was called for in the medium-term plan for the period 1992-1997. This will not only result in an exchange of views and information on common areas of concern like contracting, insurance, security, new technology and technical training, it will also enhance management functions, stimulate economies of scale in the operation of the buildings and, as the Inspectors state, could result in cooperative arrangements among building managers in certain areas. Whether this arrangement becomes feasible, however, depends on the availability of resources.